

***United States Court of Appeals
for the Second Circuit***



AMICUS BRIEF

76-7177

United States Court of Appeals
For the Second Circuit

RAYMOND ROHAUER and CECIL W. HULL,
Plaintiffs-Appellees,
against

KILLIAM SHOWS, INC., PAUL KILLIAM, EDUCATIONAL
BROADCASTING CORPORATION and THE BOWERY
SAVINGS BANK,
Defendants,

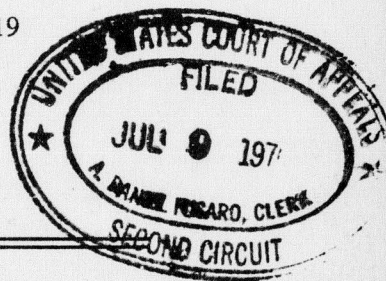
KILLIAM SHOWS, INC. and EDUCATIONAL
BROADCASTING CORPORATION,
Defendants-Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

BRIEF AMICUS CURIAE SUBMITTED BY
UNITED ARTISTS CORPORATION

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UNITED ARTISTS CORPORATION**

This brief is submitted by United Artists Corporation ("Amicus").

Issues Discussed in this Brief

Amicus, in submitting this brief, addresses itself solely to one issue in this case.¹ That issue arises from the de-

¹ Amicus takes no position with respect to the other issues in this case, including the factual question of whether the publisher of the underlying work had authority to act as agent for the author's sole heir and the legal questions regarding abandonment, availability of an "unclean hands" defense and the res judicata effect which should be afforded the dismissal on the merits of a related action.

termination of the Court below that where a copyrighted motion picture is based upon an underlying work, such as a novel, and is produced under a grant of motion picture rights from the author of that work, which grant includes the right of renewal, but where the author dies prior to the accrual of the renewal right and the renewal is secured by one of the persons entitled thereto under the statute, all rights obtained under the grant of motion picture rights are extinguished with the expiration of the original term of copyright in the underlying work and the owner of the copyright in the motion picture is not entitled to exhibit it without the authorization of the persons in whom the renewal copyright in the underlying work is vested.

For the reasons which will be set forth below, Amicus submits that this issue should be decided in favor of the right of the owner of the motion picture to continue its exhibition during the renewal term of the copyright in the underlying work.

Interest of *Amicus Curiae*

Amicus is engaged in the financing of motion picture productions and in the distribution of copyrighted motion pictures for theatrical exhibition in the United States and elsewhere and has been so engaged since the days of silent film. Amicus, by reason of its experience in the production, distribution, financing, copyrighting and renewal of copyrights in motion pictures, believes that it can contribute substantially to the consideration and decision of the appeal herein and that it may bring before the Court an analysis of legal arguments, industrial practices, and economic and policy considerations which might otherwise be overlooked by the parties and by the Court.

The interest of Amicus in the resolution of this issue flows from the fact that Amicus owns many films in which

similar shifts in the ownership of the underlying work have occurred in the renewal term following the death of the author. Amicus expends large sums every year in paying for the right to continue the exhibition of these motion pictures free of the uncertainty of any claim, whether or not legally cognizable, which might be made where the motion pictures are based on underlying works in their renewal term.

While Amicus has no direct interest in whether the decision below will be affirmed or reversed, it does have an important economic stake in the interpretation by this Court of the Copyright Act and its holdings which might serve as precedent for the adjudication of conflicting claims to ownership in copyrighted works. Amicus is the owner of one of the largest classic film libraries. In recent years, classic films are no longer merely of historical interest. As the result of the use of these films by television, they have become of substantial economic value to the copyright proprietors. Consequently, the adjudication of this case and the legal grounds on which the issues herein may be decided will have a far-reaching impact upon the validity and enforcement of copyrights and renewals in literally thousands of films now in the inventory of the motion picture industry in general and of Amicus in particular.

Background of Rights Claimed by Rohauer

The instant case involves the famous movie, "The Son of the Sheik," starring Rudolph Valentino, produced and released in 1926. The film is based on an obscure novel entitled "The Sons of the Sheik" by one Edith M. Hull, who assigned to defendant Killiam's predecessor in title the motion picture rights including the right to procure the re-

newal of the copyright (71A, 103A).² The motion picture itself was produced and copyrighted by Killiam's predecessor in 1926 (133A). The author died in 1943 and a renewal of the copyright in her novel was obtained by her daughter, Cecil W. Hull, in 1952 (132A). The copyright in the motion picture itself was renewed by Killiam's predecessor in title in 1954 (133A). In 1971, the motion picture was shown on television under license from Killiam (*Id.*). Thereupon, Rohauer, claiming under rights assigned to him by the owner of the renewal term of the copyright in the novel, sued Killiam for infringement (134A).

Cecil W. Hull is merely a nominal party plaintiff in the New York action, joined as a party solely because she is the record owner of the renewal copyright claimed to have been infringed (155A). Rohauer claims under an assignment from Mrs. Hull, dated May 6, 1965, of all her "right, title and interest (if any) in and to the motion picture and television rights of every kind and character" in "'Sons Of The Sheik', by Edith M. Hull" including "any and all rights (if any) which she 'may own in a certain motion picture photoplay entitled 'SON OF THE SHEIK' starring Rudolph Valentino . . .'" (22A; see also 132A).

Summary of Argument

1. Where a derivative work is created with the consent of the owner of an underlying work, a new and independent copyright springs into existence. In the absence of a contractual provision to the contrary, the right to use the derivative work is not subject to changes in the ownership of the underlying work.

² References to numbers with the suffix "A" refer to page numbers of the Joint Appendix.

2. None of the cases cited by the court below has held that where a derivative copyrighted work is based on an underlying work and where the renewal of copyright in the underlying work is secured by statutory successors after the death of the author, these successors may prevent the continued exploitation of the derivative work by its copyright owner. Consequently the case at bar arises *de novo*.

3. The rule adopted by the court below violates public policy in that it (a) unduly extends the monopoly power of the copyright owner in the underlying work; (b) disregards the primary policy of the Copyright Act which is to "serve the cause of promoting broad public availability" of copyrighted works to the public; (c) deprives the creators of derivative works of their reward because of the uncertainty of their right to exploit their works over a sufficiently long period of time; and (d) deprives authors of the economic opportunity to sell their works for use in derivative works where the production of such works requires substantial investment and where the end of the original term of copyright in the author's work approaches.

4. A motion picture is the product of many talents, including screen directors, script writers, performers, music composers, photographers and many others, and the contribution of the writer of the underlying story is often of minor, sometimes insignificant, importance. To permit the statutory successors of a deceased author of an underlying work to prevent the continued exhibition of a motion picture would work a great injustice to those who are the actual creators of the picture.

5. The interpretation given by the court below to Section 24 has encouraged irresponsible speculators to buy up rights in underlying works of motion pictures and to

avail themselves of claimed monopoly rights to prevent the showing of many motion pictures, thereby severely curtailing their availability to the public.

ARGUMENT

POINT I

A Separately Copyrighted Derivative Work Wholly Produced During the Original Copyright Term May Be Freely Exploited Even After the Renewal of the Copyright in the Underlying Work by the Author's Statutory Successors.

Section 24 of the Copyright Act, 17 U.S.C. § 24, provides in pertinent part:

“The copyright secured by this title shall endure for twenty-eight years from the date of first publication . . . *Provided*, . . . That . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright. . . .”

The Supreme Court has interpreted Section 24 to the effect that an assignment by an author of his renewal rights made before the original copyright expires is valid against the world, provided that the author is alive at the com-

mencement of the renewal period, but that such assignment is not valid where the author has died before the commencement of the renewal period and the renewal has been secured by the persons named in the statute as entitled to the renewal term. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943); *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960). No court, however, has passed on the question which was before the court below, namely, whether a separately copyrighted derivative work, produced with the consent of the copyright owner during the original copyright term of the underlying work, may continue to be exploited by the owner of the copyright in such derivative work when the original term of copyright in the underlying work has expired and the renewal thereof has been secured by the statutory successors of the author.

We believe that the basic fallacy in the rule adopted by the court below is that it confuses the exploitation of the *underlying* work after its renewal with that of the independently copyrighted *derivative* work which has its own separate and independent life for both the original and the renewal term of copyright in the latter work.

In *Champney v. Haag*, 121 F. 944 (C.C.E.D. Pa. 1903), the court held that illustrations published by the defendant, which were alleged to constitute an infringement of the copyright on the plaintiff's painting, were reproductions of a copyrighted photograph of the painting, and not of the painting itself, so that the illustrations published by the defendant constituted an infringement of the copyright on the photographs only but not of the copyright on the plaintiff's painting. The court said:

"If the photograph was copyrightable by reason of possessing artistic value that had been contributed to it by the photographers, the right of action for the

publication complained of would belong to them, and not to the painter." *Id.* at 944.

By application of the same principle, where a motion picture based on a novel is being exhibited, a cause of action, if any, would belong to the copyright owner of the motion picture and not to the owner of the copyright in the novel. Since the exhibition in the case at bar occurred with the consent of Killiam, the owner of the copyright in the motion picture, we submit that no consent to the exhibition was required of Rohauer, the owner of the underlying work.

In *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918), the composer of a song consented to the creation by defendant of an orchestral score which was copyrighted in defendant's name. The court held that the composer of the song was not entitled to any rights in the score, the two copyrights being entirely distinct:

"Defendants had confessedly acquired the right to make this arrangement, and when made it was 'substantially a new and distinct composition, and as such entitled to the protection of the court.' *Carte v. Evans* (C.C.) 27 Fed. 862, and cases cited. Nor is this doctrine at all peculiar to musical works; the propriety of separate and independent copyright always depends upon the presence or absence of original work, as we pointed out in *West, etc., Co. v. Edward Thompson Co.*, 176 Fed. 833, 100 C.C.A. 303." 248 F. at 898.

This Court, in *Edmonds*, also held that the copyright of the score and the copyright in the song were entirely separate and distinct, stating:

"The two things were legally separate, and independent of each other; it makes no difference that

such separate and independent existence might to a certain extent have grown out of plaintiff's consent to the incorporation of his melody in the orchestration. When that consent was given, a right of property sprang into existence, not at all affected by the conveyance of any other right." *Id.* at 898.

The existence of separate and independent property rights, which "spring into existence" when the consent is given and the derivative work is created, inevitably leads to the conclusion that the renewal of the copyright by the owner of the derivative work, and that owner's exclusive right to use the derivative work during the renewal term, cannot be affected by the presence or absence of a renewal in the underlying work unless, of course, there is a contractual limitation on such use.

A. No Court Has Held that a Separately Copyrighted Derivative Work Wholly Produced During the Original Copyright Term May Not Be Freely Exploited After the Renewal Copyright in the Underlying Work Has Been Secured by a Statutory Successor.

None of the authorities cited by the court below has held that a separately copyrighted derivative work wholly produced during the original term may not be freely exploited after the renewal copyright in the underlying work has reverted to a statutory successor.

G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir. 1951) (135-36 A), was a declaratory judgment proceeding with respect to motion picture rights in the opera, "Madame Butterfly." The opera was based upon a novel written by John Luther Long and a play, based upon the novel of the same title, written by David Belasco. In 1901, Ricordi acquired from Long and Belasco the

exclusive rights to make a libretto for an opera of Belasco's dramatic version of the novel during the original term of the copyright in the novel. In 1925, Long obtained a renewal of the copyright on his novel and in 1932, his administrator granted to Paramount the motion picture rights in the work. During the renewal term of the novel—*years after its license from Long had been exhausted—Ricordi sought to borrow anew from the novel and produce a new motion picture based on the opera.* The court held that Ricordi could not create a *second, distinct work* derivative of the novel without procuring a new license. Nowhere in the decision did the court preclude Ricordi, during the renewal term of the novel, from continuing to exploit the opera—a separately copyrighted derivative work wholly created during the original copyright term with the consent of the copyright owner of the novel.

Fitch v. Shubert, 20 F. Supp. 314 (S.D.N.Y. 1937) (135A), is likewise inapposite. In *Fitch*, the plaintiff sought a preliminary injunction against infringement of copyright in the play, "Barbara Frietchie, The Frederick Girl." The play, written by Clyde Fitch, was copyrighted in 1900. Fitch died intestate, leaving no widow or children, years before the vesting of the renewal term. In 1927, the plaintiff, as next of kin, applied for renewal of copyright. Two years prior, in 1925, the Shuberts acquired a license under the original term of copyright to produce a musical version of the play. The resulting operetta, entitled "My Maryland," was first produced in 1927. In 1934, after the original copyright term had expired, the Shuberts sought to produce a new operetta production based upon the Fitch play. The court in *Fitch* denied the preliminary injunction for reasons not relevant to the issue under consideration in the case at bar. Yet the court below cites *Fitch* in support of its decision, apparently for the reason that the *Fitch*

decision contains dictum to the effect that the statutory successor to the deceased author acquired a new and independent right in the copyright, free and clear of any rights, interests or licenses attached to the copyright for the initial term.

The court in *Fitch*, however, like the court in *Ricordi*, merely expressed the opinion that a second, distinct work derivative of the underlying play could not be created without procuring a new license. The court at no point concluded that the Shuberts were barred from continuing to perform the original operetta—once again, a separately copyrighted derivative work wholly created during the original copyright term under a valid license.

Silverman v. Sunrise Pictures Corp., 273 F. 909 (2d Cir. 1921), *aff'd on appeal following trial*, 290 F. 804 (2d Cir.), *cert. denied*, 262 U.S. 758 (1923) (136A), is plainly without application to the case at bar. There, the sole issue was whether the next-of-kin as a class were entitled to secure the renewal copyright in a novel entitled "At the Mercy of Tiberius" by Augusta Evans Wilson. The novel was copyrighted by her publisher and the original term of copyright expired in 1915. Wilson died in 1909, survived by neither a widower nor children, and by will devised the copyright in the novel to three sisters, the children of her deceased brothers and the widow of one of her brothers, collectively decedent's next of kin under the Alabama statute of descent and distribution. In 1915, two of the sisters filed an application for renewal. Thereafter, in 1920, plaintiff received an assignment from an administrator *de bonis non* of whatever rights he had in the novel, together with assignments from all other next of kin, in order to produce a motion picture based on the novel. Defendant, apparently upon a theory that the renewal was a nullity because secured by a party not entitled thereto

and that the work had fallen into the public domain, also sought to produce a motion picture based upon the novel. The court merely held that the next of kin as a class, acting as a whole or through any member, were entitled to secure the renewal copyright in question. *The case involved no claims regarding an independently copyright derivative work produced during the original term.*

Equally inapposite is *Sunset Securities Co. v. Coward-McCann, Inc.*, 47 Cal. 2d 907, 306 P.2d 777 (1957) (137A). In that case, the publisher-proprietor of a duly copyrighted novel licensed the motion picture rights in the novel to a motion picture producing company upon the express *contractual* provision that all rights granted thereunder would terminate after ten years and revert to the publisher unless the purchaser paid an additional sum. A motion picture was thereupon produced and after the expiration of the ten-year term, the purchaser's successor brought an action to quiet title. In denying the relief sought, the court concluded that the reversionary clause by its express terms returned to the owner not only its rights in the underlying work but all rights relating to the exploitation of the motion picture as well. In sum, *the court relied solely upon the construction of the contract itself and renewal rights under the copyright law were never in issue.*

In conclusion, none of the cases cited by the Court below deals with a situation like that in the case at bar, *i.e.*, one that involves the right of the copyright owner to continue the exploitation of a copyrighted derivative work after expiration of the original term copyright in the underlying work.

This case presents a legal issue which arises *de novo* and which calls for a judicial interpretation of Section 24 of the Copyright Act not heretofore considered by the

courts. Amicus submits that this issue should be decided by an interpretation of Section 24 consistent with the policy and purposes of the Copyright Act as applied to technological changes such as those brought about by the modern motion picture.

B. Sound Policy Considerations Support the Rule Advanced by Amicus.

The ruling of the court below disregards the traditional inclination of English and American courts alike, from the very inception of statutory copyright itself, in favor of granting to the public access to copyrighted works while at the same time assuring the author a fair reward for his efforts and talent. As we shall demonstrate, the rule adopted by the court below will result in the withdrawal from the public of important classical films while it will at the same time deprive authors and their families of income from their works.

1. *The rule adopted by the court below, if affirmed, would unduly extend the monopoly power of the copyright owner of the underlying work and defeat the right of the authors of both the derivative and the underlying work to reap a fair reward from their creations.*

Amicus submits that the decision of the court below has disregarded the primary purpose and policy of the copyright law which is to "serve the cause of promoting *broad public availability* of literature, music and other arts." *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975). As the Supreme Court said in *Aiken*:

"The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but

private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts." 422 U.S. at 156 (footnotes omitted)

Especially when technological change has rendered the literal terms of the Copyright Act ambiguous, it must be construed in the light of the Act's basic purpose to promote availability of the work to the public:

"The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. 'The sole interest of the United States and the primary object in conferring the monopoly,' this Court has said, 'lie in the general benefits derived by the public from the labors of authors.' *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127. See *Kendall v. Winsor*, 21 How. 322, 327-328; *Grant v. Raymond*, 6 Pet. 218, 241-242. When technological change has rendered its literal terms ambiguous, the Copyright Act must be construed in light of this basic purpose." *Id.* at 156 (footnote omitted)

The rule adopted by the Court below would extend the statutory monopoly of the owners of the underlying work far beyond the legitimate interests of these owners. Indeed, it would extend a monopolistic deadhand beyond the author's privilege to exploit his own work and would embrace in the monopoly of the owner of the renewal term in the underlying work, the power to deny the authors of derivative copyrighted works their right to continue to make these radically different works available to the public, notwithstanding the derivative work's creation pursuant to an unlimited and unrestricted consent granted by the owner of the underlying work.

In 1909, the Copyright Act did not and could not envisage that a cinematographic film, as it was then called, would no longer merely "record" a live performance of an underlying work by actors on a stage, but would develop into an art form in which the motion picture itself constitutes an independent artistic creation, separate and distinct from the underlying work, copyrightable in itself, protected under copyright law as a separate work for an original term of 28 years and renewable by its own author or his statutory successors, for the renewal term (17 U.S.C. § 24).³

It should also be noted that where a derivative work, such as a motion picture, has been created based on an underlying work, we are faced with an entirely different situation, legally as well as economically, from the situation where a book or a musical composition has been published during the original term of copyright and the publisher's right is held to fail during the renewal term of that work. In the latter case, the publisher would simply be required to discontinue the further printing and sale of the copyrighted work. That situation does not involve a derivative copyrighted work. A motion picture, on the other hand, is the result of the combined efforts of many contributing creators, only one of whom may be the author of an underlying work such as a novel.

In virtually every case, the contributions made by the screen director, performers, composers of the music, photographers and architects all give the motion picture its dis-

³ Motion pictures were recognized as works susceptible of being copyrighted by an amendment to the Copyright Act in 1912 (Act of August 24, 1912; 37 Stat. 488, c. 356). In *Tiffany Productions, Inc. v. Dewing*, 50 F.2d 911 (D. Md. 1931) and *Metro-Goldwyn-Mayer Distributing Corp. v. Bijou Theatre Co.*, 59 F.2d 70 (1st Cir. 1932), 3 F. Supp. 66 (D. Mass. 1933) (on remand), the unauthorized performance of a motion picture was recognized as an actionable performance of a copyrighted work. Cf. *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354 (9th Cir. 1947).

tinctive and original character and contribute to its artistic and commercial worth. Unlike the publishing situation, we are here faced not with the continued right to exploit the underlying work, but with the right to exploit the *derivative work*, a new and tangible creation which is both different and separate from the original work in legal ownership and in artistic and financial contribution. To tie the right to exploit such a derivative work to the ownership of the underlying work is to seriously interfere with the deserved reward of the creators of the derivative work.

In contrast to the substantial contributions made by all those who participate in the production of a motion picture, the contribution made by the author of the underlying work is frequently of minor, sometimes even insignificant, importance. The success of motion pictures is due in many, if not most, cases to the performers and the directors of the motion picture. In these cases, it is rare for the public to know of the underlying work or to have even heard of its author. Thus, the motion picture in issue here, "The Son of the Sheik," is widely known and fondly remembered by the public as a vehicle for the performance of its star, Rudolph Valentino. Millions, even those who never saw the picture itself, know it or know of it as the famous "Rudolph Valentino Movie". How many of them know the novel, "The Sons of the Sheik," or the name of its author, Edith Hull? Moreover, even "motion picture adaptations" of well known novels or plays often are drastically altered for film purposes so that the motion picture script bears only faint resemblance to the novel or play.

Furthermore, if this Court should follow the interpretation of Section 24 adopted by the Court below, there would be the danger that owners of renewal rights in an even less significant underlying work than a novel may

claim a monopoly in the derivative work. Motion pictures frequently incorporate a great variety of copyrighted works. There are often poems, musical compositions, paintings, special plots and characters, an infinite variety of which may all be incorporated into the movie in such a manner that they become inextricably merged in the completed work. Suppose that in such a case the motion picture producer has obtained all necessary consents from the author of these copyrighted works, and suppose further that one of these authors is no longer alive at the time of renewal. Should remote next of kin of a deceased author of any of these minor works used in a multimillion dollar motion picture production be permitted to prevent its exhibition to the public unless they be paid off by the owner of the motion picture? Could such absolute veto power be justified by the purposes and policies of the Copyright Act which stress as of primary importance the availability of a work to the public? Yet, this would be the inevitable result of an affirmance of the decision of the court below on the ground upon which that court relied.

Nor could such a result be justified by the desirability of stimulating the creative activity of authors and artists and of rewarding their efforts. The term of copyright for the underlying work is rarely co-extensive with that of the derivative work. Suppose, for example, a novel was created in 1952, so that the original term of copyright therein would expire in 1980, and the renewal of the copyright in the novel would have to be obtained during the 28th year of copyright, *i.e.*, in 1979 (17 U.S.C. § 24). If in 1976 a motion picture producer would like to produce a picture based on that novel, it is inconceivable that any producer would want to invest millions of dollars in a production based on an underlying work, the renewal term of which approaches

within such a short period of time, for fear that—under the interpretation of Section 24 given by the court below—the motion picture, could no longer be exhibited within four years after its production is completed. Indeed, the producer's entire investment would be lost and the artistic efforts of all those who contribute to the production would be wasted if the author of the underlying work should die in 1979 and the statutory successor to his rights could thereby prevent the exhibition of the picture.⁴ Thus, far from assisting authors in obtaining their deserved reward for their creative efforts, their works would become *unsalable* as the re-renewal year approaches. Even to the extent that such a work were salable, its commercial value, as a matter of basic economics, would decline each year as the arrival of

⁴ The motion picture producer cannot possibly protect himself against such paralysis of his right to exhibit the picture, because the identity of the statutory successors cannot be ascertained until the arrival of the renewal term. An author may be married at the time his consent to the motion picture is given, but a divorce or subsequent marriage may change the identity of the "widow". Not even the death of the author will bring the needed certainty. If the author dies during the 20th year of copyright survived by a widow but that widow dies during the 25th year of the original copyright term, *i.e.*, prior to the 28th year, during which the renewal could have been obtained by her, any assignment of the renewal term by either the author or his widow would be ineffective and the motion picture producer in order to continue his exhibition of the picture would have to overcome the veto power of an estate or some remote next of kin or their assignees.

As one legal commentator experienced in the field of motion pictures points out:

"There is no way the purchaser can assure himself of obtaining the renewal term prior to its vesting. He can merely increase his chances by buying the renewal expectancy of the widow, children and relatives...." Bricker, "Renewal and Extension of Copyright," 29 S. Cal. L. Rev. 23, 33 (1955).

the renewal term draws closer⁵. Indeed, as the date of renewal approaches, the salability of the work declines. We submit that such a rule could not have been the purpose of the statute and that to interpret it in that manner, in the absence of clear statutory language to this effect, would construe the Copyright Act against the public interest and defeat both its policy to protect authors and to assure the public access to copyrighted works.

Several commentators have underscored the unreasonable burden which would be placed on the motion picture industry, and the resulting loss to authors, if the statutory successor to the copyright in the underlying work could prevent the exhibition of the picture:

“If an organization in the moving picture industry desires to purchase a story copyrighted 24 years

⁵ In *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), the Supreme Court expounded the policy considerations underlying the renewal provisions of the Copyright Act:

“If an author cannot make an effective assignment of his renewal, it may be worthless to him when he is most in need. Nobody would pay an author for something he cannot sell. We cannot draw a principle of law from the familiar stories of garret-poverty of some men of literary genius. Even if we could do so, we cannot say that such men would regard with favor a rule of law preventing them from realizing on their assets when they are most in need of funds. Nor can we be unmindful of the fact that authors have themselves devised means of safeguarding their interests. We do not have such assured knowledge about authorship, and particularly about song writing, or the psychology of gifted writers and composers, as to justify us as judges in importing into Congressional legislation a denial to authors of the freedom to dispose of their property possessed by others. While authors may have habits making for intermittent want, they may have no less a spirit of independence which would resent treatment of them as wards under guardianship of the law.” *Id.* at 656, 657.

While the above-quoted language relates to the right of the author to assign the copyright for his renewal term, its logic applies *a fortiori* to the effectiveness of an author's consent to the creation of derivative works.

ago in order to make a modern screen version, and can secure no more than an exclusive interest in a copyright which has but four years remaining of its original term, the plan may have to be shelved. Protection for a longer period is needed and the risk involved in leaving the author free, for a short time, to deal with his renewal as he wishes is too great in view of the tremendous investment required. As a consequence, the author may lose the relatively high remuneration involved." Kupferman, "Renewal of Copyright—Section 23 of the Copyright Act of 1909," 44 Colum. L. Rev. 712, 724 (1944) (footnotes omitted).

Addressing precisely the question presented in the instant case, another writer points out:

"Suppose the author in the first year of copyright purports to sell it—both the initial and renewal terms. The effect of the *Fred Fisher* case and other authorities is that if the author is dead when the twenty-eighth year comes round, the renewal reverts, free and clear, to his widow, children, and so forth in a fixed order of precedence; but if the author is alive in that year, the original sale holds and there is no reversion. *The distinction is hard to defend and may operate in a peculiarly perverse way where on the faith of a transfer from the now-deceased author, the transferee has created a 'derivative work,' say a movie based on the original novel.*" B. Kaplan, *An Unhurried View of Copyright* 112 (1969) (emphasis added)

The rule has been variously termed "an anachronism" (Kupferman, *supra* at 724, "anomolous" (Note, "Re-

newal Rights, A Statutory Anachronism," 10 W. Res. L. Rev. 263, 272 (1959)), "odd and peculiar" (S. Spring, Risks & Rights 95 (1956)), "perverse" and "a goulash" (B. Kaplan, An Unhurried View of Copyright 112 (1969)).

Surely, it is reasonable to expect that a motion picture company be entitled to recover a fair return over its costs of distributing a motion picture in both its original and its renewal term. However, the economic harm is not limited to motion picture distributors. Other individuals who have made significant artistic and creative contributions also stand to incur significant economic losses. When it is necessary to withdraw a motion picture from distribution in the renewal term of the underlying work because of the inability of the distributing company to locate statutory heirs or meet exorbitant economic demands, outside profit participants, including the writers of the screenplay or treatment, individual producers, directors, performers and their widows and children, whose return is wholly dependent upon the revenues received in the licensing of the motion picture, are also seriously damaged.

To cut off the right of exhibition after the expiration of the original term of copyright also works an injustice for actors, directors and other contributors to the creation and success of the motion picture whose compensation is provided for by so-called "residual right", *i.e.*, a percentage share in the revenues derived from the exhibition of the picture. In such a fashion, the statutory successors of the author of the underlying work could defeat the legitimate expectation of those whose efforts and talent made the picture a success. The total economic dislocation by the uncertainty which would result from an affirmance of the holding of the court below is incalculable.

2. *The monopoly power which the decision of the court below would confer on the owners of the renewal term in the underlying work would curtail severely the accessibility of classic motion pictures to the public.*

The risk which the producer of a motion picture based upon an underlying work in its first term of copyright incurs is frequently aggravated by excessive economic demands by renewal claimants.

Indeed, enterprising speculators have made it a practice in recent years to inspect the renewal records of the Copyright Office in order to secure assignments of renewal rights from next of kin of deceased authors and to use these rights which they often acquire at nominal cost to entrap motion picture distributors into exhibitions of classic films and thereupon to demand damages in an inordinate amount alleged to have resulted from the "infringing" performance.

The activities of plaintiff Rohauer as revealed in the several lawsuits brought by him involving "The Son of the Sheik" are particularly enlightening in this regard.⁶ Rohauer is engaged in the commercial acquisition of rights, both in feature films and underlying literary properties. (N.Y. tr. 49-50; Iowa tr. 33-34, 79-82, 97-98) and the distribution of feature films (Iowa tr. 33-34). While declining to identify the acquisition of these rights as his "principal

⁶ Plaintiff Rohauer has brought infringement actions against defendant Killiam and its licensees in federal courts in California and Iowa based upon the same theory of rights in the motion picture asserted at trial in the present action. The Iowa action was dismissed for Rohauer's willful refusal to comply with a show cause and other orders of the United States District Court for the Southern District of Iowa. *Rohauer v. Eastin-Phelan Corp.*, 499 F.2d 120 (8th Cir. 1974). The California action awaits final resolution of the issues herein, by which the parties agreed to be bound. Occasional reference will be made to the deposition testimony of plaintiff Rohauer in the Iowa action.

occupation" (Iowa tr. 50), he has conceded that the pursuit is not merely an "avocation" (*Id.* at 49-50). At deposition in the New York action, Rohauer estimated that he had acquired several hundred such rights. (N.Y. tr. 51). In the Iowa deposition, taken approximately a year later, Rohauer furnished a list of two hundred motion pictures in which he claimed rights of distribution. (Iowa tr. 33, 34, 79, 97). The list does not purport to be complete. (*Id.* at 97). Rights to approximately 100 motion pictures were obtained by assignment. (*Id.* at 79).

Rohauer seeks out those individuals possessing rights to various motion pictures and literary properties by searching the records of the U.S. Copyright Office and the Library of Congress or requesting that a search be made on his behalf. (N.Y. tr. 9-16, 140-41, 169; Iowa tr. 35-44, 60-65). Such a procedure was utilized to locate Cecil W. Hull. (N.Y. tr. 9-16, 140-41, 169; Iowa tr. 37-44, 60-65).

It was also Rohauer's practice routinely to obtain catalogues of film distribution houses and monitor trade publications such as *Variety*, *Motion Picture Daily* and *Hollywood Reporter* (N.Y. tr. 197-98), apparently in an effort to locate any instances in which a motion picture was either exhibited or offered for exhibition in derogation of his rights in an underlying work. As a result of these activities, numerous other claims have been made by Rohauer against various third parties as a result of their exhibiting or offering for exhibition or sale of the motion picture, "The Son of the Sheik."

In respect to "The Son of the Sheik," the total consideration received by Mrs. Hull was 446 pounds, 10 shillings (22A), or approximately \$1,000. (N.Y. tr. 52-57, 170-71). Rohauer has consistently testified that he claims no rights in the motion picture itself. (Iowa tr. 51, 73-74).

His interest therein is confined to preventing the copyright owner of the motion picture from exhibiting the motion picture and to collecting damages from allegedly infringing performances.

Rohauer further testified that at no time during the negotiations for the assignment or prior to its execution was Mrs. Hull informed that Rohauer intended to interfere with the showing of the motion picture or that any lawsuits would be filed in that connection. (Iowa tr. 105).

Often it is the size of the claims or the manner in which they are made which prove to be the greatest burden upon the motion picture distributor. Thus, on January 7, 1971, Killiam licensed for the sum of \$500 a short sequence from "The Son of the Sheik" for use of up to two minutes as a background insert on a "mock-up" television screen in a Universal Pictures Corporation motion picture entitled "Ellery Queen—Don't Look Behind You." The Ellery Queen feature containing the sequence was aired on January 18 and 19, 1976. On February 6, an agent acting on behalf of Rohauer, wrote Universal claiming unlawful use of the material and misappropriation of his client's rights and offered to license the material and execute a release of all claims for the sum of \$25,000. A total of only 30 seconds of "The Son of the Sheik" footage actually appeared in the Ellery Queen feature. To date, although no legal proceedings have in fact been brought, the claim remains unresolved. The magnitude of the claim in contrast to the minimal extent of the use of the derivative work and the comparatively small license fee is yet a further indication of the flagrant abuse of claimed renewal rights in derivative works.

The policy concerns of Amicus, of course, are not limited to the activities of Mr. Rohauer or his multiple lawsuits against Mr. Killiam. Rather, Amicus is concerned with the growing practice of speculators to seek out statutory successors of deceased authors of underlying works and to prevent motion picture companies from distributing their pictures. The ramifications of the problem may even extend so far as the incidental use of brief portions of a derivative work in a subsequent motion picture, often very recent in origin. See, for example, *Abend v. American Broadcasting Company, et al.*, Index No. 74 Civ. 2336 (S.D.N.Y., filed May 30, 1974), a case which involved facts strikingly similar to those alleged in the case at bar.

It appears from the complaint in that case that sometime in 1942, one Cornell Woolrich, a writer of mystery stories and novelettes, wrote a story initially entitled, "It Had To Be Murder," and later retitled, "Rear Window." The story was first published in the United States on January 2, 1942 by Popular Publications, Inc., in their publication, *Dime Detective Magazine*, and registered in the United States copyright office on January 17, 1942. In 1954, pursuant to a written license from the author and assignments effective thereafter, Paramount Pictures Corporation produced and released a feature motion picture, entitled "Rear Window," based on the original story. The picture was directed by Alfred Hitchcock, starred James Stewart and Grace Kelly and was a great financial and critical success.

The author died in 1968. On December 29, 1969, the copyright in the novel was renewed in the name of the author's executor who thereafter assigned all right, title and interest in the renewed copyright of the underlying story to the plaintiff in that lawsuit.

In 1971, the owners of the motion picture licensed the television rights in the picture to the American Broadcasting Companies' net work ("ABC"). Thereafter, the motion picture was broadcast over ABC's owned, operated and affiliated television stations throughout the United States. Sixteen defendant sponsor-advertisers were alleged to have sponsored the program. An infringement action was filed on May 30, 1974, seeking damages in excess of \$500,000. On March 25, 1976, the action was ultimately settled for a substantial sum. Thus, the assignee of the statutory successor of what was literally a "dime novel" was placed in the position of interfering with the distribution of a great award-winning movie and preventing the public from seeing James Stewart and Grace Kelly in this Hitchcock-directed classic.

Many more illustrations could be added to "The Son of the Sheik" and "Rear Window". Among them, to name only a few, are "Cat and the Canary" starring Bob Hope and Paulette Goddard, "Thanks for the Memory" also starring Bob Hope, "Dream Girl" starring Betty Hutton, "The Man Who Came to Dinner" starring Monty Woolley and "George Washington Slept Here" starring Jack Benny and Ann Sheridan. These pictures had to be withdrawn by their copyright owners because they were unable to secure licenses from the owners of the renewal term copyrights in underlying works used by these pictures.

Unlike the cost expended to acquire original motion picture rights in the underlying work, here the expenditure must be made after the motion picture producing company or distributor has already made substantial investments in the production and distribution of the derivative work. Faced with the peril of infringement suits, following searches of the copyright records, it has become the practice of the motion picture industry immediately

to withdraw from distribution any motion picture upon the expiration of the original term of copyright where the records indicate that a statutory successor or his assignee has renewed the copyright in the underlying work. Often it is the case that motion pictures of great social and historical worth to the American public are *withdrawn from distribution and never reinstated* as the result of the motion picture company's inability either to locate statutory successors or to meet the exorbitant economic demands made by these statutory successors or their assignees. These are certainly not parties deserving the solicitude of the law.

Conclusion

Amicus respectfully urges that the decision of the lower court be reversed to the extent of its holding that where a copyrighted motion picture was produced with the consent of the author of an underlying work during the original term of copyright therein and where the renewal of the copyright in the underlying work was secured after the death of the author by his statutory successors, these successors or their assignees may prevent the further exhibition of the motion picture by its copyright owners.

Respectfully submitted,

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THOMAS G. JACKSON

Of Counsel

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

-----X

RAYMOND ROHAUER and CECIL W. HULL, :

Plaintiffs-Appellees, : Docket No. 76-7177

- against - :

KILLIAM SHOWS, INC., PAUL KILLIAM, :
EDUCATIONAL BROADCASTING CORPORATION :
and THE BOWERY SAVINGS BANK, : AFFIDAVIT OF SERVICE
BY MAIL

Defendants, :

KILLIAM SHOWS, INC. and EDUCATIONAL :
BROADCASTING CORPORATION, :

Defendants-Appellants. :

-----X

STATE OF NEW YORK: COUNTY OF NEW YORK: ss.:
THERESA SHANNON, being duly sworn, deposes and says:

That on the 9th day of July, 1976, she served the
within Brief Amicus Curiae and Consent upon the following
attorneys for the parties at the addresses indicated below:

<u>Party</u>	<u>Attorney</u>	<u>Address</u>
Raymond Rohauer & Cecil W. Hull	Herbert P. Jacoby, Esq. Burns and Jacoby	445 Park Avenue New York, NY 10002
Killiam Shows, Inc. and Educational Broadcasting Corporation	Jeffrey Squires, Esq. Peter A. Jaszi, Esq.	2415 20th Street, N.W. Washington, D.C. 20009 1847 Calvert St., N.W. Apt. 6 Washington, D.C. 20009
	Abraham Fuss, Esq. Laitman, Mathews & Magidson	1450 Broadway New York, New York 10018

by depositing true copies of the same securely enclosed in a
properly addressed, post-paid wrapper in an official depository
regularly maintained by the United States Postal Service at

40 West 57th Street, New York, New York. The addresses listed above are those designated by the parties for that purpose upon the preceding papers in this action.

Theresa Shannon
THERESA SHANNON

Sworn to before me this
9th day of July, 1976.

Thomas G. Jackson

THOMAS G. JACKSON
Notary Public, State of New York
No. 31-4618908
Qualified in New York County
Commission Expires March 30, 1977

INDIVIDUAL VERIFICATION

STATE OF NEW YORK,
COUNTY OF

} ss.:

he is the , being duly sworn, deposes and says that
read the foregoing in the within action; that he has
and knows the contents thereof; that
the same is true to his own knowledge, except as to the matters therein stated to be alleged on information and
belief, and that as to those matters he believes it to be true.

Sworn to before me, this
day of 19

CORPORATION VERIFICATION

STATE OF NEW YORK,
COUNTY OF

} ss.:

he is the of the , being duly sworn, deposes and says that
that he has read the foregoing herein
and knows the contents thereof, and that the same is true to his own knowledge, except as to the matters
herein stated to be alleged upon information and belief, and as to those matters he believes it to be true.
Deponent further says that the reason this verification is made by deponent and not by the
is because the said
is a corporation, and deponent an officer thereof, to wit its

Sworn to before me, this
day of 19

AFFIDAVIT OF PERSONAL SERVICE

STATE OF NEW YORK, } ss. :
COUNTY OF

, being
duly sworn, deposes and says that he is over the age
of years; that on the day of
19 , at No.
in the Borough of
City of , he served the foregoing
upon
in this action, by delivering to and leaving personally with
said a true
copy thereof.

Deponent further says, that he knew the person served
as aforesaid, to be
the person mentioned and described in said
as the
therein.

Sworn to before me, this
day of 19

AFFIDAVIT OF SERVICE BY MAIL

STATE OF NEW YORK, } ss. :
COUNTY OF

being
sworn deposes and says that he is
the attorney for the above named herein.
That on the day of 19
he served the within
upon
the attorney for the above named
by depositing a true copy of the same securely enclosed
in a post-paid wrapper in the Post-Office—a Branch Post-
Office—a Post Office Box regularly maintained by the
United States Government at
in the County of directed to
said attorney for the
No. N. Y.
that being the address within the state designated by
h for that purpose upon the preceding papers in
this action, or place where h then kept an
office, between which places there then was and now is
a regular communication by mail.

Sworn to before me, this
day of 19

SIRS:

TAKE NOTICE that the within is a
copy of an.....
this day entered herein in the office of the Clerk
of the.....

Dated, New York.....19

Yours, etc.

PHILLIPS, NIZER, BENJAMIN, KRIM & BALLON

Attorneys for.....

40 West 57th Street
New York, N. Y. 10019

TO:.....

Attorney for.....

SIRS:

TAKE NOTICE that the within is a
copy of an order which will be presented for
settlement to the Hon.....

at A Special Term,.....

in the County of.....

on the.....day of.....
19 , at 10:30 o'clock in the forenoon.

Dated, New York.....19

Yours, etc.

PHILLIPS, NIZER, BENJAMIN, KRIM & BALLON

Attorneys for.....

40 West 57th Street
New York, N. Y. 10019

TO:.....

Attorney for.....

Docket No. 76-7177

UNITED STATES COURT OF
APPEALS
FOR THE SECOND CIRCUIT

RAYMOND ROHAUER and CECIL W.

HULL,

Plaintiffs-Appellees

- against -

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BROADCASTING CORPORATION

and THE BOWERY SAVINGS BANK

Defendants

KILLIAM SHOWS, INC. and

EDUCATIONAL BROADCASTING

CORPORATION,

Defendants-Appellants

AFFIDAVIT OF SERVICE BY MAIL

ORIGINAL

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